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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 8

NIHON KEIZAI (Page 2) (Full)
March 9, 2006

10:32
Arrived at Kantei.

11:03
Met with ROK's Grand National Party Representative Park Geun Hye.

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13:12
Met Deputy Chief Cabinet Secretary Nikai.

14:00
Met Natural Resources and Energy Agency Director-General Kodaira and Foreign Ministry's Asian and Oceanian Affairs Bureau Director-General Sasae.

16:30
Met with US Boeing CEO McNerney, joined by Foreign Ministry's North American Affairs Bureau Director-General Kawai.

17:20
Attended a meeting of the Council on Gender Equality.

18:24
Met Minister of Economy, Trade, and Industry Nikai.

19:14
Dined with Nikai, former LDP President Yamasaki, and New Komeito Secretary General Fuyushiba at the restaurant, Blue Gardenia, at

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Akasaka Prince Hotel.

21:27
Returned to residence.

4) Government, ruling parties strongly react to China's proposal for joint gas development in area near Senkakus

YOMIURI (Page 2) (Full)
March 9, 2006

China made a new proposal for joint development of natural gas fields in areas in the East China Sea, including near the Senkaku Islands. The proposal was presented during the fourth round of bureau director-level talks of the Japanese and Chinese governments on March 7. The Senkakus are on the Japanese side of the median boundary set by Japan. The new proposal has set off strong reactions from the government and the ruling parties.

Chief Cabinet Secretary Abe expressed displeasure at the Chinese proposal in a press conference yesterday, saying: "We want China to make a more realistic proposal. China should thoroughly examine our proposal." Adding, "Naturally, Japan has the right to carry out test-drilling," Abe indicated that Japan would start trial drilling depending on China's future moves.

In a press briefing, Foreign Minister Aso said: "The Senkaku Islands are indisputably Japan's territory both historically and under international law. Japan won't co-develop those gas

fields." A government source assailed: "The contents of the proposal are provocative." An official of the Prime Minister's Office also commented: "This is out of the question. It seems that China is picking a fight."

In the Liberal Democratic Party, the Special Committee on Ocean Rights and Interests has engaged in drawing up a bill designed to ensure the safety of gas field development and test drilling. Its Chief of Secretariat Yasunori Nishimura, a House of Representatives member, stated: "In order to show Japan's position, we must get the bill (through the Diet)."

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Meanwhile, some government officials stress the need for continued talks with China. Speaking at a House of Representatives economy, trade and industry committee meeting yesterday, Economy, Trade and Industry Minister Nikai said:

"Various problems pending between Japan and China have been on the negotiating table, such as territorial land and waters, as well as history,. This is not a problem that can be solved quickly. Although many difficulties remain, we would like to deal with the issue tenaciously."

After receiving from Nikai a report on the results of the talks with China, Prime Minister Koizumi told Nikai: "Even if it takes time, I want you to make utmost effort to try to resolve the problem amicably."

5) Chief Cabinet Secretary Abe blasts Chinese foreign minister's remarks

ASAHI (Page 4) (Full)
March 9, 2009

Commenting on Chinese Foreign Minister Li Zhaoxing's remarks that Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine, likened to Nazi leaders, are foolish and immoral, Chief Cabinet Secretary Shinzo Abe at a press conference stated, "It is

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inappropriate for a top foreign ministry official to use the words "foolish" and "immoral" that lack respect toward another country's top leader." Administrative Vice Foreign Minister Shotaro Yachi also made a protest against Chinese Ambassador to Japan Wang Yi by phone.

6) Foreign Minister Aso hints at separate enshrinement of Class-A war criminals at Yasukuni Shrine

ASAHI (Page 4) (Full)
March 9, 2006

At the Japan National Press Club yesterday, Foreign Minister Taro Aso revealed his view on Prime Minister Junichiro Koizumi's visits to Tokyo's controversial Yasukuni Shrine that we ways should be found so that the Emperor and the prime minister will be able to pay their respects (for the war dead). Asked about his view on Yasukuni Shrine's honoring the Class-A war criminals along with the war dead, Aso stated, "Yasukuni Shrine honors both the war dead and those who did not die in wars. This is a significant problem." He indicated in his remarks that in order to resolve the shrine issue, the war dead and the Class-A war criminals should be separately enshrined.

7) Aso delivers third foreign policy speeches at Japan National Press Club to make public appeal about political identity, Foreign Ministry supports him, hoping for assertiveness

ASAHI (Page 4) (Full)
March 9, 2006

Foreign Minister Taro Aso delivered a speech yesterday at the Japan National Press Club on the theme "What does economic diplomacy mean for Japan?" He has so far given three foreign

policy speeches at this press club since he assumed his post for

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months ago. Lurking in the background is the Foreign Ministry's hidden motive of hoping to see Aso assert himself as a possible candidate in the presidential election of the Liberal Democratic Party that will choose a successor to Prime Minister Junichiro Koizumi. Aso also wants to play up his political identity before the LDP leadership race.

Aso revealed in his speech a plan to accelerate negotiations on free trade agreements (EPAs) with various countries. His aim of delivering the three speeches is to publicize that the ministry has supported economic cooperation with other countries, according to Aso's aide.

In his speech in January, Aso advocated an idea of creating a strategic council on the government official development assistance (ODA) in an attempt to review the ODA program for developing countries. His view was just what the Foreign Ministry had expected.

The Foreign Ministry suggested that Aso take advantage of opportunities to give speeches at the press club. The ministry picks the subject of a speech, discussing it with Aso. Concerned bureaus draft the speeches and Aso then edits them.

8) Government to propose setting floor for permanent UN members' share at 3 or 5%

YOMIURI (Page 2) (Full)
March 9, 2006

The government yesterday finalized a proposal for setting a floor for five UNSC permanent members' shares at 3 or 5%. The proposal is in effect designed to raise the shares of China and Russia. Japan will present it to the fifth committee of the UN General Assembly responsible for discussing the UN's administrative and fiscal affairs in general.

Japan's share was 1.97%, when it joined the UN in 1956. However, as its economy grew, its share has increased. Its share in 2004 through 2006 was 19.468%, the second largest following the US' 22%. The combined shares paid by Japan and the US account for approximately 40% of total expenses paid by all members.

The combined shares paid by other four permanent UNSC member nations, excluding the US, are smaller than the amount paid by Japan with Britain and France paying about 6% respectively, China shouldering about 2% and Russia contributing about 1%. For this reason, calls for due financial contributions from permanent member nations, which have the veto power, are growing in the government and the ruling camp.

9) North Korea fires missiles

TOKYO SHIMBUN (Page 3) (Full)
March 9, 2006

North Korea launched short-range missiles into the Sea of Japan from that country's northeastern coastal town of Dancheon in Hamgyeongnam-do after 9 a.m. yesterday, according to the Defense Agency and other sources. The launched missiles flew about 100 kilometers in the east-northeastern direction along North Korea's coastline on the Sea of Japan and landed in the sea, according to

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the agency.

The agency has asked US forces for information about the missiles. However, the agency judged that the missiles were launched in ordinary training and did not affect Japan's national security, judging from its range and other factors. The agency has issued no particular alert, an official said.

"We're gathering intelligence at all times," Prime Minister Junichiro Koizumi told reporters yesterday evening. "This is not the kind of matter we should say in particular," he added. In this connection, an agency official revealed that there were signs in North Korea a couple of weeks before the missile launch.

In May last year, North Korea launched a short-range missile to the Sea of Japan.

10) Chief Cabinet Secretary Abe reveals government plan to look into ways to rescue Japanese nationals in event of collapse of North Korea

SANKEI (Page 5) (Full)
March 9, 2006

Regarding the rescue of Japanese nationals in the event of the collapse of North Korea from within, Chief Cabinet Secretary Shinzo Abe during an Upper House Budget Committee session yesterday indicated the government's plan to look into ways to respond to such a situation, saying, "How to deal with abductees to North Korea and Japanese wives of North Koreans is a major issue. We will deal with the matter with an awareness of the problems." He then said, "We must at least grasp the names of Japanese nationals who might reside in North Korea." Abe made this statement in reply to a question asked by Ryuji Yamane of the Democratic Party of Japan.

Foreign Minister Taro Aso pointed out, "If North Korea collapses, a large number of people will drift ashore the coast of the Sea of Japan. We must think about the issue from the perspective of security control." Though Defense Agency Director General Fukushima Nukaga said, "There is no legislative framework that allows Japan to dispatch personnel to rescue Japanese nationals, by invoking the right to self-defense," he added that it is conceivable to determine that Japan can provide means of transportation at the order of the foreign ministry in time of emergency under the condition that safety is secured."

Commenting on Japan's diplomacy toward North Korea, Abe said, "The ultimate measure is to slap economic sanctions in compliance with the Special Measures Law to Ban Port Calling by Specified Vessels, but we want to have North Korea change its stance, by fully using various kinds of pressure before opting for such a measure."

11) Foreign Minister Aso again denies existence of secret deal on Okinawa reversion

MAINICHI (Page 2) (Full)
March 9, 2006

By Takashi Suto

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At an Upper House Budget Committee meeting yesterday, Foreign Minister Taro Aso was asked about a secret deal in accordance with which Japan shouldered the cost of restoring land to its original state at the time of the reversion of Okinawa in May 1972, even though the cost was supposed to be paid by the United States. Aso again denied such a deal, noting: "No other pacts than the agreement on the reversion of Okinawa existed. There was no secret deal."

Aso was replying to a question posed by Mizuho Fukushima of the Social Democratic Party.

12) Government determined not to comply with call for revision of Futenma relocation plan; Gap with local residents yet to be bridged

MAINICHI (Page 2) (Full)
March 9, 2006

By Teruhisa Mitsumori, Yoso Furumoto

Nago City in Okinawa Prefecture yesterday expressed a "tolerable area" that may allow the city to respond to discussions with the central government regarding revision to the relocation plan for the US military's Futenma Air Station from Ginowan City in the prefecture to the coastal area of Camp Schwab in Nago City. But the central government intends to refuse discussions with the city on revision, with a high-level Defense Agency (JDA) official remarking, "There's nothing to talk about." Given the wide gap in the perceptions over the relocation plan between the central government and the local community, it appears increasingly difficult for them to achieve a consensus before the end of March, which is the target for an agreement on a final report on the realignment of US forces in Japan.

Administrative Vice Defense Minister Takemasa Moriya yesterday met with a delegation from the Okinawa Prefectural Assembly at the JDA and declared that it would be impossible to revise the plan, telling the delegation: "Prime Minister Koizumi has stated that the government plan will not be changed. We don't intend to create a revision."

Until recently, Nago City had insisted that the central government should come up with a proposal for a revision, but yesterday Deputy Mayor Bunshin Suematsu indicated that the sea off the southern part of the Schwab coast was an area on which the city could hold revision talks with the central government, assuming a flexible stance.

The proposed area, however, is almost the same as that of the Henoko shallow water plan the United States proposed during Japan-US talks last year. Japan rejected this US plan in part because the plan could destroy the algae feeding ground for dugongs, a protected species. Nago City hopes that the central government "will move to revise the relocation plan," according to a city assembly member, but the central government has shown no sign of doing so.

There is also a difference in perceptions between Okinawa Prefecture and Nago City over revisions to the relocation plan. The prefectural government has insisted on the propriety of the previous Henoko offshore plan that was approved by a cabinet

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meeting in 1999. Nago City's move this time has perplexed the prefectural government. A senior prefectural government official remarked: "It's troublesome because we have stressed that both Nago City and the prefecture have been in agreement not to call for revision."

13) Prime Minister: "I hope to see the government plan implemented"

MAINICHI (Page 2) (Full)
March 9, 2006

Prime Minister Junichiro Koizumi late yesterday dined with Taku Yamasaki, former vice president of the Liberal Democratic Party (LDP), and others at a Tokyo hotel. Yamasaki asked Koizumi to respect the wishes of local residents regarding the relocation of the US military's Futenma Air Station to the coastal area of Camp Schwab. Koizumi reiterated that he had no intention to revise the planned relocation of the airfield to Camp Schwab. This relocation plan was agreed on last October by Japan and the United States.

Prior to this gathering, Yamasaki met in Tokyo with a delegation of ruling-party members of the Okinawa Prefectural Assembly. He indicated to the delegates that he would urge the government to comply with calls for a revision, telling them: "It's of great significance (that Nago City has specified an acceptable area). Under the party's leadership, I'd like to find possible ways to resolve the issue."

14) Nago may accept relocated runway

SANKEI (Page 5) (Full)
March 9, 2006

Vice Mayor Fuminobu Suematsu of Nago, Okinawa Prefecture, the relocation site for the US Marine Corps' Futenma Air Station according to the interim report on the realignment of US forces in Japan, indicated in the municipal assembly yesterday that if the government decided to move the coastal plan in a southwestern direction to build a runway mostly on the water, the city would consider accepting it. Masamitsu Tamaki, policy promotion chief of Nago, also said: "(A revised plan) should come from the government. The city has no intention of producing one."

15) Koizumi willing to hold talks with Inamine to obtain local consent on Futenma relocation

ASAHI (Page 3) (Full)
March 9, 2006

Prime Minister Junichiro Koizumi held talks last night with Liberal Democratic Party Security Research Commission Chairman Taku Yamasaki and others. In the talks, Koizumi expressed his willingness to settle the planned relocation of the US Marine Corps' Futenma Air Station through talks with Okinawa Gov. Keiichi Inamine, saying, "I will meet the governor once the stage is set." "Top-level talks will be held to reach an agreement," a person close to Koizumi also said, suggesting the possibility of making compromises to obtain local consent before producing a final report on US force realignment with the US.

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Economy, Trade and Industry Minister Toshihiro Nikai and New Komeito Secretary General Tetsuzo Fuyushiba also attended the talks. Prior to his meeting with Koizumi, Yamasaki met representatives of three ruling parties in Okinawa, such as the Liberal Democratic Party and New Komeito, who are opposed to the Futenma relocation plan. In the meeting, Yamasaki took a positive view about revising the relocation plan, saying, "The party would like to search for a feasible (relocation site) to settle the matter."

But in his talks with Yamasaki and others, Koizumi made it clear that at present the government has no intention of complying with Nago's request for changes to the relocation plan, saying, "Problems would follow changes to the government plan. We need to settle the matter based on the government plan."

16) Futenma relocation: Government to establish consultative body next month to discuss safety, promotion measures with local areas

YOMIURI (Page 1) (Full)
March 9, 2006

The government decided yesterday to establish a body as early as April to discuss with affected municipal governments a plan to relocate the US Marine Corps' Futenma Air Station from Ginowan, Okinawa Prefecture, to the coastline of Camp Schwab in Nago in the prefecture. The government intends to make arrangements to mainly discuss such themes as safety measures for areas surrounding Futenma Air Station until the relocation is completed in about eight years, and steps for revitalizing the local economy centering on the northern part of Okinawa. The government plans to obtain local consent on the realignment plan through the consultative body.

The government has basically no intention of complying with local calls for changes to the relocation plan. And it has decided to begin making arrangements with concerned local areas in real earnest after releasing a final report at the Japan-US Security Consultative Committee of foreign and defense ministers (2 plus 2) later this month.

Meanwhile, Nago expressed its willingness yesterday to hold talks with the government if the relocation site was moved to somewhere

between the Camp Schwab coastal plan and the original Henoko plan, showing its tolerance prior to the planned coordination with the government. Nago Mayor Yoshikazu Shimabukuro said, "If changes are made to fit the variation of the original plan, we will discuss the matter with government." But Prime Minister Junichiro Koizumi took a negative view last night about modifying the relocation plan, saying, "New problems would follow concessions on the government plan." Koizumi made this comment in his talks at a Tokyo hotel with former Liberal Democratic Party Vice President Taku Yamasaki, Economy, Trade and Industry Minister Toshihiro Nikai, and New Komeito Secretary General Tetsuzo Fuyushiba.

17) USFJ realignment: Final report to incorporate strategy, suggest need to strengthen alliance on global scale

SANKEI (Page 1) (Full)
March 9, 2006

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Japan and the United States entered into talks in Hawaii on March 7 (March 8 Japan time) over the realignment of US forces in Japan, with their senior officials attending. The Japanese and US governments are now in the final phase of negotiations focusing mainly on the issue of alleviating the burden of hosting US military bases. The two governments will also outline a final report to be released in April. The final report is expected to suggest the need for the two countries to strengthen their bilateral alliance on a global scale, while seeking to revise the Japan-US Defense Cooperation Guidelines. In addition to this strategy, the report will detail specific realignment plans.

The talks, scheduled for five days through March 11, will focus on specific realignment plans to lessen Japan's base-hosting burden in its southernmost island prefecture of Okinawa and in other prefectures. The Japanese and US governments are expected to nail down specific realignment plans, such as: 1) returning the sites of US military bases and facilities located in Okinawa Prefecture's central and southern areas; 2) redeploying the KC-130 air tanker fleet from Futenma airfield to mainland Japan; and 3) dispersing some of Kadena-based fighter jets' flight training missions to other prefectures.

When it comes to the reversion of US military bases and facilities in the island prefecture's central and southern localities, the Japanese and US governments are expected to agree on the overall return of three facilities, including the Naha port facility. In the case of Camp Zukeran (i.e., Camp Foster), the two governments would like to agree on its partial return. In October last year, the two governments released an interim report, which incorporated an agreement to consider redeploying KC-130s from Futenma to the Maritime Self-Defense Force's Kanoya base in Kagoshima Prefecture. However, the US military frowned on that plan from the perspective of convenience. The Japanese government will instead offer to build housing at Iwakuni base in Yamaguchi Prefecture. The US government has yet to agree on the proposed dispersion of fighter jets' flight training from Kadena to mainland prefectures.

In addition, the realignment talks will focus on Japan's proposal to reduce the US military's airspace controlled at Yokota base in Tokyo. However, the US military is strongly opposed to that proposal. It is also unclear whether the United States will return its air traffic control.

In the meantime, the final report will also set forth a strategic course of action to strengthen the bilateral alliance on a global scale with an eye to revising the 1997 new version of bilateral defense cooperation guidelines, which came after the intensification of tensions over the Korean Peninsula with emphasis on cooperation during regional contingencies or emergency situations in periphery of Japan. Meanwhile, Japan and the United States have already been working together on a global scale, as seen from the Self-Defense Forces deployment in Iraq and disaster relief operations in the aftermath of the Indian

Ocean tsunami. The Defense Agency, aiming to review such bilateral cooperation, is positive about renewing the defense guidelines. A senior official of the agency has suggested the need to study bilateral arrangements that will enable Japan and the United States to deal effectively with military operations other than war, or MOOTW for short. However, the Foreign Ministry is negative about remaking the defense guidelines. "Japan may

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expand the scope of its cooperation within the current framework, and that's enough," a senior official of the ministry said.

The Japanese and US governments will hold the final round of working-level consultations in Tokyo for two days or so after March 20, following up the Hawaii round. The United States, meanwhile, has offered to move US Marines from Okinawa to Guam. In this regard, the US government, which estimates the total cost for their relocation to Guam at approximately 8 billion dollars (approx. 940 billion yen), wants Japan to make a political decision on burden sharing and will work out the final report.

In response, Japan will tell the United States that the Japanese government will continue even after releasing the final report to persuade base-hosting localities to consent to specific base realignment plans. In early April, the two countries are scheduled to hold a two-plus-two meeting of their intergovernmental security consultative committee, with their foreign and defense ministers attending. On that occasion, the Japanese and US governments are to release the final report. There are also fluid factors. The United States is reportedly negative about holding another two-plus-two meeting, since the US government has already come up with an outline of its realignment proposals in the interim report.

18) Yomiuri opinion poll: 87% see shrinking population as "serious" issue; 94% worried that social security system cannot be sustained

YOMIURI (Page 1) (Excerpt)
March 9, 2006

In a national opinion survey (face-to-face interviews) carried out by the Yomiuri Shimbunsha, a vast majority of Japanese took the shrinking population trend as a serious issue, and felt worried that the social security system could not be sustained. At present, the Japanese population totals approximately 127.76 million people (as of 2005 national census), but it is expected to shrink by half by the year 2100. The poll underscored the strong sense of alarm of the Japanese people about the rapidly shrinking population.

The survey was carried out during Feb. 11-12. According to the results, a total of 87% of the public took the population drop as a serious problem. Only 11% felt it was not a problem. With the drop in the birth rate and the aged population growing, there is a feeling of concern among the population -- 94% in the survey -- that the social system, including pensions, medical services and elderly care -- cannot be sustained.

19) Bank of Japan to reach final judgment today on whether to lift ultra-loose monetary policy

YOMIURI (Top Play) (Excerpts)
March 9, 2006

The Bank of Japan (BOJ) will today hold a second day of policy consultations to reach a final judgment on whether to lift the five-year super-loose monetary policy. The central bank is now determined that with the price movements moving into the plus column, the situation permits it to confirm the judgment that the economy has emerged from a deflationary cycle. BOJ Governor

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Toshihiko Fukui plans to propose lifting the quantitative easing

monetary policy during the meeting. Since another focus of the meeting is on a new framework for stabilizing interest rates and prices after the removal of that policy, whether a consensus can be reached on the removal of the policy is not certain. However, it appears certain that if Fukui proposes the lifting of the policy, most members will support it and its removal will be accepted.

The meeting will bring together one governor, two deputy governors and six panel members. In the first round of the meeting held yesterday, the BOJ leadership explained the present economic and price situations and participants exchanged opinions. The meeting ended in about two hours, as expected. The members will today discuss, based on yesterday's discussions, the propriety of lifting the current monetary policy and whether a desirable price index should be indicated for a stable interest rate constraint, and determine the opinion of the panel.

SCHIEFFER